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BUDGETARY AND FINANCE COMMITTEE
Fortieth session
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Item 3 (d) of the agenda of the Budgetary
and Finance Committee

ADOPTION OF THE REPORT OF THE BUDGETARY AND FINANCE COMMITTEE TO THE GOVERNING COUNCIL

Draft report of the Budgetary and Finance Committee

Rapporteur: Ms. Anna-Karin HOLM-ERICSON (Sweden)

CHAPTER III. Financial, budgetary and administrative matters

D. Financial regulations: Matters on which consensus has not yet been reached

1. For its consideration of item 3 (d), the Budgetary and Finance Committee had before it the report of the Administrator contained in document DP/1993/49.

2. The Deputy Director, Division of Finance, and Treasurer introduced the item, noting that the issue of the payment of contributions in non-convertible currencies by non-recipient donors had been overtaken by events. All of the holdings of accumulated currencies from donor countries had been utilized so that the only accumulations currently held ($13.6 million) were in recipient country currencies. He noted that the Administrator believed it appropriate to have some definition of the payment of voluntary contributions to the Programme in the Financial Regulations, with some indication of the recourse available to the Administrator should an accumulation arise in the future.

Summary of the discussion in the Committee

3. Members agreed that since the problem had been resolved, appropriate amendments to the Financial Regulations could be made at the current session.

Recommendation of the Committee

4. Following its consideration of the subject, the Budgetary and Finance Committee recommended that the Governing Council adopt the following draft decision:

The Governing Council,

Taking note of the report of the Administrator on the Financial Regulations (DP/1993/49) and the observations and comments made thereon,

1. Approves as Financial Regulation 4.6 (renumbered as appropriate) the following:

"In view of the multilateral nature of the Programme, non-recipient donor countries which make their voluntary contributions wholly or partly in non-convertible currencies are requested to pay a gradually increasing share of their contributions in convertible currencies."

2. Approves as Financial Regulation 4.7 (renumbered as appropriate) the following:

"Meanwhile, entities headquartered in a net donor country which has contributed in a non-convertible currency shall be reimbursed for services and equipment purchased under the Programme only in the currency of that country where such a currency is accumulated and until such accumulation is used; conversely, if, when utilizing a non-convertible contribution, costs are incurred in other currencies, these shall be reimbursed to UNDP in a convertible currency."

3. Notes that in accordance with the above, the Financial Regulation currently numbered 4.7 will be renumbered 4.8.